

## **BUDGET, FINANCE & INVESTMENT COMMITTEE**

**February 6, 2014**

**5:30 P.M.**

**Courthouse**

### MINUTES:

#### Members Present:

Comm. Charlie Baum  
Comm. Joe Frank Jernigan  
Comm. Will Jordan  
Comm. Robert Peay  
Comm. Steve Sandlin  
Comm. Doug Shafer  
Comm. Joyce Ealy, Chr.

#### Others Present:

Ernest Burgess  
Jeff Davidson  
Melissa Stinson  
Lisa Nolen  
Lynn Duke  
Larry Farley  
Jeff Sandvig

#### Others Present:

Tharrel Kast  
Laura Bohling  
Mark Tucker

Chairman Ealy presided and called the meeting to order with all members being present.

### APPROVE MINUTES:

Comm. Jernigan moved, seconded by Comm. Peay to approve the minutes of the January 9, 2014 Budget Committee meeting as presented.

The motion passed unanimously by acclamation.

### INVESTMENT REPORT:

The committee reviewed the monthly Investment Report noting that no investments were bid this month. The LGIP interest rate for the month increased to .10%.

Comm. Sandlin moved, seconded by Comm. Jordan to approve the Investment Report as presented.

The motion passed unanimously by acclamation.

### FUND CONDITION REPORT:

Lisa Nolen, Finance Director, presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month of January totaled \$156,000 with the year-to-date collections being \$2,265,750. This compared to the previous year when the monthly Development Tax collections were \$177,750, and the year-to-date collections were \$1,038,000.

The committee reviewed the fund cash balances totaling \$188,825,228 with operating funds being \$178,585,010 and borrowed funds being \$10,240,218. This compared to the same period last year when the total cash balances were \$188,389,297 with operating funds being \$169,124,944 and borrowed funds being \$19,264,353.

The Finance Director noted that there was an item later in the agenda to discuss the total project cost of Smyrna Primary School which is at (\$109,125) at this time due to funds being borrowed from other projects.

The Finance Director reviewed the revenue collections advising that the General Fund revenue was at 60.64% of budget, which is at a level higher than previous years to this point. This is due to increase in PILOT agreements, current property tax and development tax collections.

It was also noted that current property tax collections through January were at 58.16% of the levy compared to 55.98% of the levy last year. Also noted, sales tax collections in the rural area are up 19.89% over the prior year.

Following review, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

#### RISK MANAGEMENT REPORT

Melissa Stinson, Risk Management Director, presented the monthly Risk Management Financial Report for the use and information of the committee advising that the cost per employee per month for the medical, dental and vision program was \$889.19 compared to \$785.08 for the prior year. The average cost per month was \$862.60 compared to \$852.56 for the prior year. When including the on-site medical clinics, the average cost per employee per month was \$896.98 compared to \$888.05 for the prior year for a trend of 1.0%.

For the Work Injury Fund performance, the year-to-date claims totaled \$278,050.07 compared to \$519,488.51 for the prior year.

Following review, Comm. Sandlin moved, seconded by Comm. Peay to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

#### **GENERAL FUND BUDGET AMENDMENTS**

##### JUVENILE DETENTION:

Lynn Duke, Juvenile Detention Director, presented a budget transfer for Juvenile Detention for overtime due to vacancies:

Increase Expend.:	101-54240-187 – Overtime	\$10,000
Decrease Expend.:	101-54240-110 – Lieutenant	\$10,000

Also presented was a budget transfer to correct budgeted amounts for salary line items:

Increase Expend.:	101-54240-160 – Guards	\$ 4,200
	101-54240-161 – Secretary	\$ 450
Decrease Expend.:	101-54240-164 – Attendants	\$ 4,650

Comm. Jordan moved, seconded by Comm. Shafer to approve the budget transfers as presented.

The motion passed unanimously by roll call vote.

##### CORRECTIONAL WORK CENTER:

Mayor Burgess presented a budget transfer for repairs to the building at the Correctional Work Center:

Increase Expend.:	101-54220-335 – R & M Buildings	\$ 5,000
Decrease Expend.:	101-54220-399 – Other Contract Serv.	\$ 5,000

Also presented was a budget transfer to fund vehicle repairs:

Increase Expend.:	101-54220-338 – R & M Vehicles	\$ 1,000
Decrease Expend.:	101-54220-410 – Custodial Supplies	\$ 1,000

Also presented was a budget amendment to purchase a new DVR system:

Increase Expend.:	101-54220-790 – Other Equipment	\$18,025
Decrease:	101-39000 – Unassigned Fund Balance	\$18,025

Comm. Shafer moved, seconded by Comm. Jernigan to approve the budget transfers and budget amendment as presented.

The motion passed unanimously by roll call vote.

HEALTH DEPARTMENT:

Dana Garrett, Health Department Director, presented a budget amendment to adjust the estimated revenue and the Local Health Services function line items to reflect the amount of the contract awarded by the state of Tennessee. She also presented an amendment to the contract in the amount of \$19,000 to add a LPN position:

Increase Revenue:	101-46310 – Health Dept. Prog.	\$108,039
Increase Expend.:	101-55190-131 – Medical Personnel	\$ 62,719
	101-55190-201 – Social Security	\$ 3,890
	101-55190-204 – State Retirement	\$ 7,960
	101-55190-205 – Emp. & Dep. Ins.	\$ 32,440
	101-55190-209 – Disability Ins.	\$ 120
	101-55190-212 – Employer Medicare	\$ 910

Comm. Sandlin moved, seconded by Comm. Jordan to approve the budget amendment as presented and to authorize the Mayor and all other required officials of Rutherford County to sign the amendment to the contract.

The motion passed unanimously by roll call vote.

Also presented was a budget amendment to recognize the estimated revenue and expenditures for special needs funding from the Tennessee Department of Health for a smoking cessation program for pregnant women. The source of the funds is the State's tobacco settlement. Along with this amendment, a Letter of Agreement with the Tennessee Department of Health was presented relative to how these funds could be utilized and how the funds had to be accounted for:

Increase Revenue:	101-46390 – Other Health & Welf. Gr.	\$103,668
Increase Expend.:	101-55170-310 – Cont. w/Other Pub Ag.	\$ 33,902
	101-55170-355 – Travel	\$ 4,000
	101-55170-499 – Other Supp. & Mat.	\$ 41,900
	101-55170-599 – Other Charges	\$ 23,866

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget amendment as presented and to authorize the Mayor and all other required officials of Rutherford County to sign the Letter of Agreement.

The motion passed unanimously by roll call vote.

Also presented was a budget transfer to purchase communication equipment for their phone system. The funds being transferred were originally allocated as a payment to the State for the County's contribution toward the total cost of health services provided by the Health Department:

Increase Expend.:	101-55110-708 – Comm. Equipment	\$ 32,094
Decrease Expend.:	101-55110-309 – Cont. w/Other Agency	\$ 32,094

Comm. Jordan moved, seconded by Comm. Jernigan to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

Also presented was the annual Agreement with the Tennessee Department of Health. Rutherford County agrees to appropriate a total of \$603,222 for the support of the Rutherford County Health Department of which \$474,847 is direct local funds for which Rutherford County shall not be

billed; \$32,094 is prior year savings for which Rutherford County shall not be billed, and \$96,281 is appropriations for which Rutherford County shall be billed. She advised that the funds for the Agreement were already included in the 2013-14 budget, and this was the official contract, which covered the term of July 1, 2013 through June 30, 2014.

Comm. Jordan moved, seconded by Comm. Shafer to approve the annual Agreement with the Tennessee Department of Health and to authorize the Mayor and all other required officials of Rutherford County to sign the annual Agreement.

The motion passed unanimously by roll call vote.

#### EMERGENCY MANAGEMENT:

Tharrel Kast, Emergency Management Director, presented a budget transfer to fund additional electric cost for the communication towers:

Increase Expend.:	101-54430-415 – Electricity	\$ 4,000
Decrease Expend.:	101-54430-196 – In-Service Training	\$ 1,000
	101-54430-355 – Travel	\$ 1,000
	101-54430-411 – Data Proc. Supplies	\$ 1,000
	101-54430-429 – Instruct. Supp. & Mat.	\$ 1,000

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

Also presented was a budget amendment to fund the cost to complete the communication project. The project cost remaining is approximately \$384,652. There was previously transferred to this project \$200,000 for cash flow while funds were being received from other funding sources. However, these funds will need to stay in the project to pay for the remaining cost. The additional funds requested will come from the development tax:

Increase Expend.:	101-99100-590 – Trans. to Other Funds	\$200,000
Decrease:	101-34585 – Restrict. for Capital	\$200,000

Comm. Jordan moved, seconded by Comm. Shafer to approve the budget amendment as presented.

The motion passed unanimously by roll call vote.

#### FIRE DEPARTMENT:

Larry Farley, Fire Chief, presented a budget transfer to fund repairs to vehicles:

Increase Expend.:	101-54320-338 – M & R Vehicles	\$ 9,000
Decrease Expend.:	101-54320-451 – Uniforms	\$ 5,000
	101-54320-719 – Office Equipment	\$ 4,000

Comm. Jernigan moved, seconded by Comm. Baum to approve the budget transfer as presented.

The motion passed unanimously by roll call vote.

#### FINANCE:

Lisa Nolen, Finance Director, presented a budget amendment to provide additional funding for the Employee & Dependent Insurance for the various departments as a result of open enrollment and the changes to coverage and new elections being in place. The source of funding is the pooled account in the Employee Benefits category:

Increase Expend.:	101-51310-205 – Emp. & Dep. Ins.	\$ 2,600
	101-51720-205 – Emp. & Dep. Ins.	\$ 10,700
	101-51800-205 – Emp. & Dep. Ins.	\$ 3,550
	101-52100-205 – Emp. & Dep. Ins.	\$ 1,400
	101-52600-205 – Emp. & Dep. Ins.	\$ 4,350
	101-53400-205 – Emp. & Dep. Ins.	\$ 2,900
	101-54320-205 – Emp. & Dep. Ins.	\$ 6,100
	101-54430-205 – Emp. & Dep. Ins.	\$ 1,130
	101-55110-205 – Emp. & Dep. Ins.	\$ 1,270
Decrease Expend.:	101-58600-205 – Emp. & Dep. Ins.	\$ 34,000

Comm. Jordan moved, seconded by Comm. Peay to approve the budget amendment as presented.

The motion passed unanimously by roll call vote.

#### AMBULANCE SERVICE FUND BUDGET AMENDMENT:

Lisa Nolen presented a budget amendment to increase the patient charges revenue line item and increase the refunds expenditure line item. This is needed due to the large number of overpayments experienced recently. The amendment has a zero effect on fund balance:

Increase Revenue:	118-43120 – Patient Charges	\$20,000
Increase Expend.:	118-55130-509 – Refunds	\$20,000

Comm. Peay moved, seconded by Comm. Shafer to approve the budget amendment as presented.

The motion passed unanimously by roll call vote.

#### GENERAL PURPOSE SCHOOL FUND BUDGET AMENDMENTS:

Jeff Sandvig, Assistant Superintendent of Finance, presented three amendments to the committee. The first amendment has four parts: 1)to amend \$12,079 from Unassigned Fund Balance to Spectrum professional development, the original source being the Jennings and Rebecca Jones Foundation, 2)to amend \$225,376 into account 47143, Education of Handicapped – IDEA and the related Special Education expenditures (flow through federal funds for high cost specialized students), 3)to amend \$6,009 in insurance recovery funds and the related expenditure to purchase a maintenance vehicle, and 4)to amend functions 72230, Vocational Education Program and 71300, Vocational Education in order to cover the replacement position for a retiring vocational coordinator as presented. Comm. Shafer inquired as to the Federal funding of the Special Education program and cost versus the amount of funding received.

The next amendment is to amend \$5,770 in already budgeted classified staff pay and benefits to cover other classified staff budget line items where the replacement staff has more experience than the staff in place when the budget was prepared in early 2013:

\$5,770 in available funds for library assistants are being used to cover shortages in:  
 71300-162 Vocational Clerks in the schools  
 72130-162 Guidance Clerks  
 72215-189 Alternative School Staff

The next amendment is to amend \$53,800 from already budgeted communication and postal charges to contracted services for Attendance in order to fund the data conversion and training costs for our new attendance software:

From:	72320-307 - Communication, Director of Schools	\$20,000
	72320-348 - Postal Charges	\$10,000
	72410-307 - Communication, Office of the Principal	\$23,800
To:	72110-399 – Other Contracted Services, Attendance	\$53,800

Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendments as presented.

The motion passed by roll call vote, with Comm. Shafer voting no.

SPECIAL PURPOSE (DEA) FUND BUDGET AMENDMENT:

Lisa Nolen presented a budget amendment recognizing revenue in the amount of \$39,471 received from Asset Forfeitures and appropriating it for Confidential Drug Enforcement Payments, Repair & Maintenance of Vehicles, Law Enforcement Supplies, and Uniforms:

Increase Revenue:	121-47700	– Asset Forfeitures -	\$39,471
Increase Expend.:	121-54110-319	– Confid. Drug Enf. Pay. -	\$29,471
	121-54110-338	– R & M Vehicles -	\$ 5,000
	121-54110-431	– Law Enforce. Supp. -	\$ 2,500
	121-54110-451	– Uniforms -	\$ 2,500

Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendment for the Special Purpose (DEA) Fund as presented.

The motion passed unanimously by roll call vote.

REQUEST TO APPLY FOR STATE THDA HOME GRANT:

Lisa Nolen requested authorization to apply for a State THDA HOME Grant in the amount of \$300,000 for the purpose of rehabilitation of sub-standard owner-occupied homes for low and very low income households, with a cap of \$40,000 per project. This grant does not require matching funds.

Comm. Peay moved, seconded by Comm. Jernigan to authorize the Finance Department to apply for the grant.

The motion passed unanimously by acclamation.

CONTRACT FOR PURCHASE OF *DAILY NEWS JOURNAL* PROPERTY FOR JUDICIAL PARKING:

Mayor Burgess presented a purchase and sale agreement for the purchase of the *Daily News Journal* property for \$600,000 to be used for the construction of a parking facility to serve the judicial building. The agreement contains a 60-day inspection period from the effective date to perform any surveys or testing desired. Environmental testing would be about \$20,000 in addition to the \$600,000 purchase price. There was discussion as to whether this was the appropriate time to include language in the motion to review the possibility of a commercial entity managing the parking garage after completion. It was decided that the Property Management Committee should have time to discuss and review that option at a later date.

Comm. Jordan moved, seconded by Comm. Jernigan to approve the purchase and sale agreement and to authorize the Mayor and all other required officials of Rutherford County to sign the agreement.

The motion passed unanimously by roll call vote.

RESOLUTION DECLARING THE INTENT OF RUTHERFORD COUNTY TO REIMBURSE ITSELF FROM A FUTURE BOND ISSUE AND RELATED AMENDMENT:

Lisa Nolen presented a resolution declaring the intent of the County to reimburse itself from a future bond issue in an approximate amount of \$650,000 for certain expenses related to public works projects. This resolution covers the acquisition of land and design, construction and equipping of the judicial center and related parking facilities, any other real and personal property appurtenant thereto, or connected to the judicial center and related parking facilities, the

payment of legal, administrative, architectural and engineering costs related to the judicial center and related parking facilities, and the payment of costs to issue the future bonds.

Comm. Peay moved, seconded by Comm. Jordan to approve the resolution as presented.

The motion passed unanimously by roll call vote.

Also presented was a budget amendment to allocate funds to purchase the property to be used for the parking facility to serve the judicial building:

Increase Expend.:	101-51300-715 – Land -	\$650,000
Decrease:	101-39000 – Unassigned Fund Bal. -	\$650,000

Comm. Shafer moved, seconded by Comm. Jernigan to approve the budget amendment as presented.

The motion passed unanimously by roll call vote.

AUTHORIZATION TO OFFER CONTRACT TO LEASE SPACE TO USDA AT LANE AGRI-PARK:

Mayor Burgess requested authorization to submit an offer contract to the USDA for the space they currently occupy at Lane Agri-Park. The current rate is \$14 per square foot. The offer rate is \$16 per square foot or \$148,800 annually for the 9,300 square feet occupied.

Comm. Jordan moved, seconded by Comm. Peay to authorize the Mayor to submit the lease offer contract to USDA for Lane Agri-Park.

The motion passed unanimously by roll call vote.

PRESENTATION OF STATE FORM CT-0253:

The State form CT-0253, for the \$7.4 million inter-fund loan from the Debt Service Fund to the School Capital Projects Fund in October 2013, was presented for the information of the committee.

OTHER BUSINESS – APPROVAL OF TOTAL PROJECT COST OF SMYRNA PRIMARY SCHOOL:

Lisa Nolen reviewed the breakdown of the total project cost of Smyrna Primary School which is estimated to be \$2,597,397. The commission has previously approved funding of \$2.2 million for the construction cost. The cost for architect, engineering, site development and furniture/fixtures was not included in the previously approved funding cost. She asked the committee to approve the total cost of not to exceed \$2.6 million.

Comm. Jordan moved, seconded by Comm. Peay to approve the total project cost of not to exceed \$2.6 million for Smyrna Primary School.

The motion passed unanimously by roll call vote.

ADJOURNMENT:

There being no further business to be presented, Chairman Ealy declared the meeting adjourned at 6:41 P.M.